

FIRE PROTECTION SUB-DISTRICT NO. 6

MOREAUVILLE, LOUISIANA

Compiled Financial Statements

December 31, 2012

DUCOTE & COMPANY
Certified Public Accountants
219 North Washington Street
P. O. Box 309
Marksville, LA 71351

**FIRE PROTECTION SUB-DISTRICT NO. 6
OF THE PARISH OF AVOYELLES
MOREAUVILLE, LOUISIANA
December 31, 2012**

Table of Contents

	Page No.
Independent Accountants' Compilation Report	1
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet – Governmental Fund	7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	8
Notes to the Financial Statements	9-17

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Fire Protection Sub-District No. 6
Of the Parish of Avoyelles
Moreauville, LA 71355

We have compiled the accompanying financial statements of the Fire Protection Sub-District No. 6 of the Parish of Avoyelles as of and for the year ended December 31, 2012, which collectively comprise the Fire Protection Sub-District No. 6 of the Parish of Avoyelles' basic financial statements. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Fire Protection Sub-District No. 6 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the District in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management's discussion and analysis, supplementary information required by the Governmental Accounting Standards Board Statement 34, is not a required part of the basic financial statements. The Fire Protection Sub-District No. 6 of the Parish of Avoyelles has not presented this information as part of the financial report for the year ended December 31, 2012.

Ducote & Company

Certified Public Accountants
Marksville, Louisiana
June 26, 2013

BASIC FINANCIAL STATEMENTS

**FIRE PROTECTION SUB-DISTRICT NO. 6
OF THE PARISH OF AVOYELLES
STATEMENT OF NET POSITION
DECEMBER 31, 2012**

	Governmental Funds All Funds
<u>ASSETS</u>	
Cash and cash equivalents	\$120,286
Accounts receivable	7,311
Property, plant and equipment: (net of accum depr)	<u>292,968</u>
TOTAL ASSETS	<u>420,565</u>
<u>LIABILITIES</u>	
Accounts Payable	2,856
Accrued expenses	74
Loans payable	<u>23,600</u>
TOTAL LIABILITIES	<u>26,529</u>
<u>NET POSITION</u>	
Investment in capital assets	292,968
Restricted for fire protection services	<u>101,068</u>
TOTAL NET POSITION	<u><u>\$394,036</u></u>
 Total Governmental Fund Balances	 \$124,741
Amounts reported for governmental activities in the statement of net position that are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
The cost of the assets is \$877,839 and the accumulated depreciation is \$584,871.	292,968
Long-term liabilities not payable in the current period are not reported as liabilities in governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities at year end consist of:	
Accrued interest due	(74)
Notes payable	<u>(23,600)</u>
 Total Net Position of Governmental Activities at December 30, 2012	 <u><u>\$394,036</u></u>

See accompanying notes and accountants' compilation report.

**FIRE PROTECTION SUB-DISTRICT NO. 6
OF THE PARISH OF AVOYELLES
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

	<u>Expenses</u>	<u>Program Operating Grants</u>	<u>Revenues Capital Grants</u>	<u>Net (Expenses) Revenues</u>
FUNCTIONS/PROGRAMS				
<u>Governmental Activities</u>				
Public Safety:				
Repairs and maintenance	\$3,456	\$0	\$0	\$(3,456)
Parts and supplies	9,795	1,259		(8,537)
Insurance	16,330			(16,330)
Miscellaneous expense	3,515			(3,515)
Fuel expense	3,202			(3,202)
Utilities	530			(530)
Professional fees	2,100			(2,100)
Office expense	3,677			(3,677)
Interest expense	1,191			(1,191)
Depreciation expense	50,265		0	(50,265)
TOTAL GOVERNMENTAL ACTIVITIES	<u><u>\$94,061</u></u>	<u><u>\$1,259</u></u>	<u><u>\$0</u></u>	(92,803)
General Revenues:				
Property taxes, levied for maintenance and operations				54,242
Sales tax, levied for maintenance and operations				9,865
2% Fire Insurance rebate				7,659
Interest earnings				16
Miscellaneous revenues				0
Total general revenues				<u>71,782</u>
Change in net assets				(21,020)
Net position - beginning of year				415,056
Net position - end of year				<u><u>\$394,036</u></u>
Net change in fund balances - total governmental funds				\$25,048
Amounts reported for governmental activities in the statement of activities are different because:				
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:				
Capital Outlay				1,116
Depreciation expense				(50,265)
Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of loan principal is an expenditure in governmental funds, but the repayment reduces the long-term liabilities in the statement of net assets and does not affect the statement of activities. In the current period,				
Loan payment				3,071
Some items reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. These activities are:				
Change in accrued interest				<u>9</u>
Change in net position of governmental activities:				<u><u>\$(21,020)</u></u>

See accompanying notes and accountants' compilation report.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

**FIRE PROTECTION SUB-DISTRICT NO. 6
OF THE PARISH OF AVOYELLES
COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	Volunteer Fire Department Fund	Fire Department Tax Fund	Totals
<u>ASSETS AND OTHER DEBITS</u>			
Cash and cash equivalents	\$61,321	\$58,965	\$120,286
Accounts receivable	<u>0</u>	<u>7,311</u>	<u>7,311</u>
TOTAL ASSETS	<u><u>\$61,321</u></u>	<u><u>\$66,276</u></u>	<u><u>\$127,596</u></u>
<u>LIABILITIES AND FUND BALANCE</u>			
<i>Liabilities</i>			
Accounts Payable	<u>\$0</u>	<u>\$2,856</u>	<u>\$2,856</u>
TOTAL LIABILITIES	<u>0</u>	<u>2,856</u>	<u>2,856</u>
<i>Fund Balance:</i>			
Restricted for fire protection	<u>61,321</u>	<u>63,420</u>	<u>124,741</u>
TOTAL FUND BALANCE	<u><u>61,321</u></u>	<u><u>63,420</u></u>	<u><u>124,741</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$61,321</u></u>	<u><u>\$66,276</u></u>	<u><u>\$127,596</u></u>

See accompanying notes and accountants' compilation report.

**FIRE PROTECTION SUB-DISTRICT NO. 6
OF THE PARISH OF AVOYELLES
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012**

	Volunteer Fire Department Fund	Fire Department Tax Fund	Totals
<u>REVENUES</u>			
Taxes:			
Ad Valorem	\$0	\$54,242	\$54,242
Sales Tax	9,865	0	9,865
Intergovernmental:			
2% Fire insurance rebate	7,659	0	7,659
Appropriation from police jury	1,259	0	1,259
Grant revenue	0	0	0
Miscellaneous:			
Miscellaneous revenues	0	0	0
Interest Income	16	0	16
TOTAL REVENUES	18,799	54,242	73,041
<u>EXPENDITURES</u>			
Public Safety:			
Repairs and maintenance	138	3,317	3,456
Parts and supplies	0	9,795	9,795
Insurance	0	16,330	16,330
Miscellaneous expense	825	2,690	3,515
Fuel expense	999	2,203	3,202
Utilities	132	398	530
Accounting and auditing expense	0	2,100	2,100
Office expense	32	3,645	3,677
Capital Outlay	0	1,116	1,116
Debt service	4,272	0	4,272
TOTAL EXPENDITURES	6,398	41,595	47,993
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,401	12,647	25,048
FUND BALANCE AT BEGINNING OF YEAR	48,920	50,773	99,693
FUND BALANCE AT END OF YEAR	\$61,321	\$63,420	\$124,741

See accompanying notes and accountants' compilation report.

FIRE PROTECTION SUB-DISTRICT NO. 6 OF THE PARISH OF AVOYELLES

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

INTRODUCTION

The Fire Protection Sub-District No. 6 of the Parish of Avoyelles was incorporated on June 10, 1980, under the provision of the Louisiana Revised Statutes 1950, Title 12, Chapter 2. The Corporation is organized on a non-profit basis and operates primarily for the purpose of performing all acts and deeds incidental or proper for the purpose of providing for fire protection for persons, homes, business establishments, and generally all persons and properties situated within the volunteer fire district as reasonably can be expected with equipment acquired by the department. The Board of Directors consists of not less than seven, or more than eleven members. The members of the Board of Directors are elected at the annual membership meeting. The activities governed by this Board are referred to and accounted for as the Moreauville Sub-District Six Volunteer Fire Department Fund. No compensation is paid to the Board members.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District's basic financial statements include both government-wide (reporting the district as a whole) and fund financial statements (reporting the district's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the District are classified as governmental.

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the district.

In the Statement of Net Assets, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognized all long-term assets and receivable as well as long-term obligations. Net assets are reported in three parts; invested in capital assets, net of any related debt; restricted net assets; and unrestricted net assets.

FIRE PROTECTION SUB-DISTRICT NO. 6 OF THE PARISH OF AVOYELLES

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

**A. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS
(continued)**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gain, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gain, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues – Program revenues reduce the cost of the function to be financed from the district's general revenues.

B. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the district are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the sub-district. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate fund types. Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. All funds of the district are governmental funds.

FIRE PROTECTION SUB-DISTRICT NO. 6 OF THE PARISH OF AVOYELLES

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

C. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Avoyelles Parish Police Jury is the financial reporting entity for Avoyelles Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Government Accounting Standards Board Statement No. 14 established criteria for determining which component units, if any, should be considered part of the financial reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability.

These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the entity to impose its will on the organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the entity.
2. Organizations for which the department does not appoint a voting majority but are fiscally dependent on the department.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The accompanying financial statements present information only on the funds maintained by the governmental unit, or the other governmental units that comprise the financial reporting entity. There are no component units meeting the above criteria requiring inclusion in the financial reporting entity.

FIRE PROTECTION SUB-DISTRICT NO. 6 OF THE PARISH OF AVOYELLES

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

D. FUND ACCOUNTING

The accounts of the Fire Protection Sub-District No. 6 of the Parish of Avoyelles are organized and operated on a basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds and account groups are grouped in the financial statements in this report in the following categories:

Governmental Funds-

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Fixed Assets-

The accounting and reporting treatment applied to the fixed assets are associated with a fund are determined by its measurement focus. All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Asset Account Group and are recorded as expenditures in the governmental fund type when purchased. No depreciation has been provided on general fixed assets.

FIRE PROTECTION SUB-DISTRICT NO. 6 OF THE PARISH OF AVOYELLES

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

E. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes are recognized as revenue in the year for which such taxes are billed and collected. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues.

Expenditures are generally recognized under the modified accrual basis of accounting when related fund liability is incurred, except the principal and interest on general long-term debt is recognized as expenditure when due.

F. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the department may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Sub-District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

G. BUDGET PRACTICES

The department is not required to formally adopt a budget. Therefore, the presentation of a statement of revenues, expenditures, and changes in fund balances – budget and actual, for the special revenue funds is not required.

FIRE PROTECTION SUB-DISTRICT NO. 6 OF THE PARISH OF AVOYELLES

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

H. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and related assets are reported in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost, or estimated cost, if historical cost is not available.

I. COMPENSATED ABSENCES

The Sub-District has no employees, all services are performed by volunteers. Therefore, the department has no policy relating to compensated absences.

J. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

K. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. RESTRICTED NET POSITION

In the government wide statement of net position, net position is reported as restricted when constraints are placed on net position that are externally imposed by (1) external groups, such as creditors, grantors, or laws, etc; or (2) law through constitutional provisions or enabling legislation. Restrictions on net position are:

Investment in capital assets – consist of capital assets including restricted assets, net of accumulated depreciation.

Restricted for fire protection - consist of all funds to be used strictly for fire protection services.

FIRE PROTECTION SUB-DISTRICT NO. 6 OF THE PARISH OF AVOYELLES

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, 2012, the department has cash and cash equivalents (book balances) as follows:

Demand Deposits	<u>\$ 120,286</u>
Total	<u>\$ 120,286</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2012, the Sub-District has \$122,313 (collected bank balances). These deposits are secured from risk by \$122,313 of federal deposit insurance.

NOTE 3. TAX LEVY

Pursuant to voter approval by the residents of Fire Protection Sub-District No. 6 a resolution proposed by the Mayor and Board of Aldermen of the Village of Moreauville, State of Louisiana became effective May 2, 1998 authorizing an additional ½% sales and use tax for funding police protection, fire protection, and streets and drainage improvement. The Village of Moreauville, State of Louisiana under the provisions of Article VI, Section 29 of the Constitution of the State of Louisiana of 1974, R.S. 33:2711.12, and other constitutional and statutory authority, is authorized to levy and collect, and adopt an ordinance providing for the levy and collection of the tax as follows: one eight cent allocated to police protection, on eight cent allocated to fire protection and one fourth cent allocated to streets and drainage improvement.

FIRE PROTECTION SUB-DISTRICT NO. 6 OF THE PARISH OF AVOYELLES

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 4 – LONG-TERM NOTES PAYABLE

United States Department of Agriculture

By resolution of the Board, the Moreauville Volunteer Fire Department authorized the incurrence of indebtedness in the principal amount of \$55,000 for the purpose of providing the cost of building a fire station. The Board of Directors entered into a security agreement with the United States Department of Agriculture (USDA) Rural Development Division to borrow \$55,000 at an interest rate of 4.75% payable over twenty years.

At December 31, 2012 the department had an outstanding principal balance of \$23,600. Future debt service requirements are as follows:

Year Ended	Principal	Interest	Totals
2013	\$3,221	\$1,051	\$4,272
2014	3,377	895	4,272
2015	3,541	731	4,272
2016	3,712	559	4,271
2017	3,893	379	4,272
2018 - 2019	<u>5,856</u>	<u>211</u>	<u>6,067</u>
Totals	<u>\$23,600</u>	<u>\$3,826</u>	<u>\$27,426</u>

A summary of changes in long-term debt for the year ended December 31, 2012:

Description	Balance 12/31/11	Additions	Payments	Balance 12/31/12
N/P - USDA	<u>\$26,671</u>	<u>\$0</u>	<u>\$3,071</u>	<u>\$23,600</u>
Totals	<u>\$26,671</u>	<u>\$0</u>	<u>\$3,071</u>	<u>\$23,600</u>

FIRE PROTECTION SUB-DISTRICT NO. 6 OF THE PARISH OF AVOYELLES

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 5. CAPITAL ASSETS

A summary of changes in general fixed assets for 2012 as follows:

	<u>Balance 12/31/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2012</u>
Land & Improvements	\$50,000	\$0	\$0	\$50,000
Building & Improvements	91,050	0	0	91,050
Machinery & Equipment	93,763	1,116	0	94,879
Transportation Equipment	<u>641,910</u>	<u>0</u>	<u>0</u>	<u>641,910</u>
Total Capital Assets	876,723	1,116	0	877,839
Less Accum Depr	<u>(534,606)</u>	<u>(\$50,265)</u>	<u>\$0</u>	<u>(584,871)</u>
Net Capital Assets	<u>\$342,117</u>			<u>\$292,968</u>

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	40 years
Machinery and equipment	7-15 years
Transportation equipment	5-15 years

NOTE 6. LITIGATION AND CONTINGENCIES

At December 31, 2012, the Fire Protection Sub-District No. 6 of the Parish of Avoyelles was not involved in any litigation that would materially affect the financial statements.

NOTE 7. SUBSEQUENT EVENTS

Subsequent events were evaluated through June 26, 2013, which is the date the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2012, that required recognition or disclosure in the financial statements.